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October 4, 2011

The Honorable State Representative Peter Lund, Committee Chair
Michigan House of Representatives Insurance Committee
374 Capitol Building
Lansing, MI 48909

RE: Opposition to House Bill 4936

Chairman Lund and Members of the House Insurance Committee:

Thank you for the opportunity to testify today. Are you aware that a Michigan driver who has been driving for the last 35 years would have paid a total of \$2,185.81 into the Catastrophic Fund, or an average of \$62.45 per year with no deductible to guarantee that they have the ability to cover any and all reasonable and necessary medical expenses they incur as a result of an automobile accident. This is a real bargain given that it costs the average American Family \$15,000 per year for medical insurance with most policies having a \$6,000 deductible.

Over the past 10 years, MCCA assessments increased by 31%, only slightly more than the increase in inflation of 28%, and significantly less than the 131% increase in health insurance.

In Michigan, we are able to ensure our youngest drivers (who are most likely to be involved in a serious automobile accident) will have the coverage they need to recover to their maximum potential in the event of a catastrophic injury without bankrupting their families or having them become a burden on the State of Michigan's Medicaid roles.

Recovering to maximum potential goes beyond the medical care a catastrophically injured individual receives in the hospital or acute care facilities. Therapies and rehabilitations are all major components to the recovery and quality of life for victims of automobile accidents. And while there are various rehabilitations that all serve great purposes, Vocational Rehabilitation is what I want to address with you today.

Vocational Rehabilitation has a very reasonable and necessary role in the recovery of those who have been injured in an automobile accident. Before a catastrophic accident, these individual's were just like you and I. They got up, got dressed, went to work and provided for themselves or their families. Vocational Rehabilitation gives that opportunity back to them. Services such as job skill training/retraining, job assessment, education, work behaviors, and supported employment are the basis of Vocational Rehabilitation. And while these services are the cornerstones, an individualized approach is taken to ensure that each person receives exactly what they need, so that they can be successful in their return to gainful employment whether it is community based employment or in a non-traditional sheltered workshop environment.

With recent studies showing that the largest at risk population for sustaining a traumatic brain injury in an automobile accident is between the ages of 16 - 34*, the need for effective Vocational Rehabilitation and non-traditional sheltered workshop employment becomes even more amplified. Individuals who are catastrophically injured at these ages will have their entire lives in front of them little to no hope of returning to or entering into the workplace unless they are able to receive Vocational Rehabilitation Services.

While working as a Licensed Vocational Rehabilitation Counselor, I recognized the need for a workshop that served only the traumatic brain injury population. Up until this point, individuals with traumatic brain injuries only had the option to work in a traditional sheltered workshop who serves a mixed population that included the developmentally disabled, mentally

retarded, psychiatric clients, and individuals on a return to work program from prison. Often times, these traditional workshops were dirty, poorly lit warehouses, paid piece rate, and frequently would run out of work leaving their clients with nothing to do. For an individual with a traumatic brain injury that remembers what life was like before the accident, the traditional workshop environment is not a good fit.

After extensive research and hard work, I opened a non-traditional sheltered workshop in 2004 called Unique Options. What makes Unique Options different from a traditional workshop is we are a clean, well lit, professionally staffed work place that only accepts individuals with traumatic brain injuries. Unique Options provides real work for real paychecks, we are not a day treatment program. Our clients work in areas such as production, quality inspection, assembly, sort/salvage, packaging, computer training, woodworking, small engine repair, paint/stain, upholstery, horticulture, automotive detailing, custodial, building maintenance, and retail services. We are an ISO 9001 registered company. This has allowed us to obtain contracts with Tier 2 and Tier 3 suppliers that provide products to Ford, GM, and Chrysler, as well as several companies that provide parts to the US Military. We also do work for a Michigan based greeting card company that has our clients handle their quality inspection and assembly process for all of their accounts in the United States and Great Britain. This company had transferred all of their international work to Great Britain, but found the quality of the work was not as good, so they transferred it all back to us. We are very proud of this since there are not many companies that were able to bring work from overseas back to Michigan.

At Unique Options, our clients work a variety of schedules. Some work full time while other might only work half a day per week because that's all there capable of. At all times, we will have no more than three clients working with a job coach. This staff to client ratio allows us to best support the client's employment and help them to develop proper behaviors and work ethics. Our Director is registered nurse who handles everything from dispensing medication to responding to seizures. We have a limited licensed psychologist on staff to work with clients on behavior plans, and a PhD level vocational counselor to work with the clients that are preparing to return to work within the community.

Another big difference between Unique Options and the traditional sheltered workshops is we pay our clients an hourly wage instead of piece rate. With piece rate pay, an individual can work as hard as they can, but due to their injuries, might only be able to produce at 10% productivity, causing them to have a very low paycheck. To give you a real life example, we recently had a client come to us after working at a traditional workshop. Because of her injuries, she wasn't able to produce at a high rate, even though she was working as hard as she could. Because of this, her largest paycheck for two weeks was \$1.74. At Unique Options, she will earn a minimum of \$6.00 an hour with the opportunity to earn more. Over the last five years, our clients have earned more than 1.4 million dollars in their paychecks. This allows our clients to spend this money in the community on items like grocery's clothes, or expenses denied by the insurance companies. We also offer our clients dental insurance, the opportunity to invest in a 401K program, holiday bonuses, and a yearly raise.

If auto no-fault is to change, Vocational Rehabilitation and employment at non-traditional sheltered workshops will no longer be available to those who need it. This will mean that an individual will have recovered to their maximum medical potential and will be ready to take that next step of reintegration into the community and returning to work, but will find themselves with no where to turn to help make this possible.

No matter the level of Vocational Rehabilitation an individual might require, it does not take away for the importance of employment in their lives. Employment creates purpose and this is the driving force that gives an individual reason to get up in the morning, contribute to society, work towards their goals, and know that what they do does makes a difference. Please ensure their ability to return to work and that quality of life is not overlooked or forgotten about just because a financial cap has already been met.

Instead of ensuring quality or care, life, and hope for individuals catastrophically injured in automobile accidents, House Bill 4936 only ensures one thing, and that is the insurance company's bottom line. Did you know that the nation's top ten automobile insurance providers

are located outside the State of Michigan? This means that increased revenue earned by the insurance companies will be channeled right out of Michigan.

Please ask yourself, why should we give up the best automobile insurance in the nation only to benefit the insurance companies? Last year State Farm earned 1.8 billion dollars and posted a 61.5 billion dollar net worth**. Is that not enough? Do we need to give them more money at the expense of the citizens of Michigan?

In 1992 and again in 1994, Michigan residents voted by a 2/3rd majority that they do not want changes to auto no-fault insurance. What do you think their response will be when they find out that the State government changed it without their knowledge?

Please consider the following before voting on a bill that will have devastating effects on Michigan.

- Michigan will experience a loss of a minimum of 5,200 jobs*** from the medical and rehabilitation fields. Additionally, individuals with traumatic brain and other catastrophic injuries that require employment in non-traditional sheltered workshops will find themselves unemployed with no other opportunities available to them because of the deficits they incurred in their accidents

Michigan is at a critical crossroad. We can go one direction that will have a negative effect on the State of Michigan for years to come. Poor care, low quality of life for the catastrophically injured and their families, job loss, lost tax revenue, and a severely burdened Medicaid and welfare program will be reality. Or we can take another route. This route will move Michigan in a positive direction and keep us as the nation's leader in not only auto insurance, but in the care and rehabilitation of traumatic brain injuries. Whatever direction is chosen will have lasting effect on the State of Michigan. The legacy left by the destruction of auto no-fault insurance will be one of question, burden, and disregard. But if auto no-fault insurance is protected, leadership, foresight, and humanity will be the defining words of the legacy left behind.

In closing, I ask that you please consider whether or not you willing to sign away lifetime medical benefits for you, you're family, and your constituents only to shift the cost from the insurance carriers to the State of Michigan?

*Michigan Catastrophic Claims Association Age Distribution Summary (06-30-10)

** www.pantagraph.com/business (04-1-2011)

*** Impact of Proposed "PIP Choice" Law in Michigan prepared by Anderson Economic Group, LLC (09-02-11)

Michigan has what Florida wants.

Thom Delillah, Bureau Chief of Brain and Spinal Cord Injuries for the Florida Department of Health, discussed how the Florida Legislature is aggressively investigating what it would take for Florida to integrate an Auto No-Fault Insurance Law like Michigan currently has.

According to Mr. Delillah, the reason Florida is urgently pursuing this is because they, **"need to reduce the cost shift to Medicaid that the State has experienced from the amount of underinsured individuals."** He also stated that Florida has, **"recognized the unmet needs that catastrophically injured residents have because of the lack of insurance coverage. Area's such as acute care and community reintegration such as vocational rehabilitation are unavailable to them."**

The Medicaid Waiver Program that Michigan is considering is already in place in Florida. Florida has 375 available waivers per year, versus the 100 per year as proposed in Michigan. Even with 375 available waivers, Florida still has 590 residents on a several year waiting list. Mr. Delillah said that even those who get the waiver do not receive all of the treatment they need due to time limits on the waiver, and because the entire program is under funded.

Mr. Delillah ended the conversation by saying, "We would love to have a system like Michigan has, anyone who is catastrophically injured seem to well taken care of. It's a great system and I hope you can keep it going."

If Florida is looking at Michigan for the type of Auto No-Fault Insurance they want since their current system doesn't work, why are we looking at going to a system like Florida has? Michigan should celebrate the fact that we are the nation's leader and learn from the mistakes of Florida so that it doesn't happen to the residents of Michigan. Let's protect we have. **I urge you to take a stand to protect the future and quality of life for yourself, your family, the State of Michigan and your constituents.**